

Summary of Consolidated Financial Results for the Year Ended March 31, 2026 (Based on Japanese GAAP)

May 8, 2026

Company name	ZACROS Corporation		
Stock exchange listing	Tokyo		
Stock Code	7917	URL	https://www.zacros.co.jp/
Representative	President	Taku Shimoda	
Inquiries	Director and Senior Executive Officer in Charge of Administration	Michihiko Sato	Tel. 81-3-5804-4221
Scheduled date of ordinary general meeting of shareholders	June 19, 2026		
Scheduled date to commence dividend payments	June 22, 2026		
Scheduled date to file securities report	June 17, 2026		
Preparation of supplementary material on earnings	Yes		
Holding of earnings performance review	Yes (for securities analysts and institutional investors) (Amounts of less than one million yen are rounded down)		

1. Consolidated financial results for the fiscal year ended March 31, 2026 (from April 1, 2025, to March 31, 2026)

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2026	158,535	5.2	11,054	9.3	12,303	18.7	7,707	18.0
Year ended March 31, 2025	150,735	10.7	10,116	21.2	10,366	16.3	6,530	44.1

Note: Comprehensive income Year ended March 31, 2026 ¥9,151 million (-4.3%) Year ended March 31, 2025 ¥9,560 million (50.7%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Year ended March 31, 2026	106.14	105.13	8.3	7.9	7.0
Year ended March 31, 2025	87.81	87.00	7.4	7.0	6.7

Reference: Equity-method investment profit (loss) Year ended March 31, 2026 —Millions of yen Year ended March 31, 2025 —Millions of yen

Note: The Company conducted a 4-for-1 stock split of its common shares, with a record date of September 30, 2025, and an effective date of October 1, 2025. Net income per share and Diluted net income per share stated above are calculated assuming the stock split was conducted at the beginning of the previous consolidated fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2026	156,791	104,339	60.5	1,324.14
Year ended March 31, 2025	153,926	100,695	59.5	1,237.83

Reference: Shareholders' equity As of March 31, 2026 ¥94,846 million As of March 31, 2025 ¥91,650 million

Note: The Company conducted a 4-for-1 stock split of its common shares, with a record date of September 30, 2025, and an effective date of October 1, 2025. Net assets per share stated above are calculated assuming the stock split was conducted at the beginning of the previous consolidated fiscal year.

(3) Consolidated Cashflow

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2026	11,781	(20,069)	191	14,295
Year ended March 31, 2025	6,588	(17,462)	269	22,481

2. Dividend Status

	Annual dividends					Total dividends (aggregate)	Payout ratio (consolidated)	Dividend on net assets (consolidated)
	1st quarter	2nd quarter	3rd quarter	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2025	—	63.00	—	67.00	130.00	2,412	37.0	2.7
Year ended March 31, 2026	—	72.00	—	18.00	—	2,594	33.9	2.8
Year ending March 31, 2027 (forecast)	—	18.00	—	18.00	36.00		39.7	

Notes:
1. Breakdown of second-quarter dividend for the fiscal year ended March 31, 2025: Ordinary dividend: ¥53.00, Commemorative dividend: ¥10.00.
2. Breakdown of year-end dividend for the fiscal year ended March 31, 2025: Ordinary dividend: ¥57.00, Commemorative dividend: ¥10.00.
3. The Company conducted a 4-for-1 stock split of its common shares, with a record date of September 30, 2025, and an effective date of October 1, 2025. The year-end dividend per share for the fiscal year ended March 31, 2026, stated above reflects the amount after the stock split. Because of the implementation of the stock split, the annual dividend per share for the fiscal year ended March 31, 2026, cannot be calculated by simply adding the second-quarter dividend and the year-end dividend and therefore is not stated. If the stock split had not been implemented, the year-end dividend per share for the fiscal year ended March 31, 2026, would be ¥72.00 and the total annual dividend would be ¥144.00.

3. Forecast of consolidated financial results for the year ending March 31, 2027 (from April 1, 2026, to March 31, 2027)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	176,000	11.0	11,200	1.3	11,500	(6.5)	6,500	(15.7)	90.75

Note: Net income per share for the fiscal year ending March 2027 has been calculated without reflecting any acquisition of treasury shares made on or after April 1, 2026, under the treasury share acquisition program announced on November 6, 2025, with an acquisition period through June 30, 2026.

Notes to Financial Statements:

- (1) Significant changes in the scope of consolidation during the period ended March 31, 2026 Yes
One company, ZACROS (WUXI) CO., LTD., was included
- (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior-period financial statements after error corrections
- a. Changes in accounting policies due to revisions to accounting standards and other regulations None
 - b. Changes in accounting policies due to other reasons None
 - c. Changes in accounting estimates None
 - d. Restatement of prior-period financial statements after error corrections None

(3) Number of issued shares (common shares)

a. Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2026	77,071,040	As of March 31, 2025	77,071,040
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b. Number of treasury shares at the end of the period

As of March 31, 2026	5,442,270	As of March 31, 2025	3,029,248
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c. Average number of shares during the period

As of March 31, 2026	72,613,414	As of March 31, 2025	74,370,628
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Note: The Company conducted a 4-for-1 stock split of its common shares, with a record date of September 30, 2025, and an effective date of October 1, 2025. The total number of issued shares at the end of the period, including treasury shares; number of treasury shares at the end of the period; and average number of shares during the period above are calculated assuming the stock split was conducted at the beginning of the previous consolidated fiscal year.

Reference: Summary of Nonconsolidated Financial Results

Nonconsolidated financial results for the fiscal year ended March 31, 2026 (from April 1, 2025, to March 31, 2026)

(1) Nonconsolidated Operating Results (Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2026	97,736	7.9	4,616	19.5	6,388	31.7	4,795	(4.9)
Year ended March 31, 2025	90,622	9.0	3,862	11.8	4,849	13.4	5,043	29.0

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended March 31, 2026	66.05	65.42
Year ended March 31, 2025	67.82	67.19

Note: The Company conducted a 4-for-1 stock split of its common shares, with a record date of September 30, 2025, and an effective date of October 1, 2025. Net income per share and Diluted net income per share stated above are calculated assuming the stock split was conducted at the beginning of the previous fiscal year.

(2) Nonconsolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2026	108,100	70,280	64.7	976.27
Year ended March 31, 2025	106,442	70,416	65.8	946.30

Reference: Shareholders' equity Year ended March 31, 2026 ¥69,929 million Year ended March 31, 2025 ¥70,065 million

Note: The Company conducted a 4-for-1 stock split of its common shares, with a record date of September 30, 2025, and an effective date of October 1, 2025. Net assets per share are calculated assuming the stock split was conducted at the beginning of the previous fiscal year.

The financial results report is exempt from audits conducted by certified public accountants or an audit corporation

Proper use of earnings forecasts and other special matters

The above forecasts of consolidated financial results are based on information available to the Company and on certain assumptions deemed to be reasonable. The Company, however, makes no guarantee that these forecasts will be achieved. Actual business and other results may differ substantially because of various factors. For more information on the assumptions used for the financial results forecasts and on the use of these forecasts, please refer to page 2 of the attached materials, section '1. Overview of Business Performance,' in particular subsection '(2) Outlook.'

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1. Overview of Business Performance

(1) Review of operating results and financial position

(a) Review of operating results

In the consolidated fiscal year under review, while sales in the Environmental Solutions business were on a par with the previous year, the Electronic Materials business and Industrial Infrastructure business posted significant sales growth, and the Wellness business also recorded higher revenue. As a result, consolidated net sales for the Group increased year on year.

On the profit front, there were factors putting downward pressure on earnings, including higher personnel expenses, surging raw material prices and energy and logistics costs, and an increase in depreciation. However, supported by higher revenues in the Electronic Materials business and Industrial Infrastructure business, as well as profit enhancement initiatives such as improvements in production efficiency and the pass-through of higher costs to selling prices, operating income and ordinary income increased year on year. In addition, although the Group recorded impairment losses of 1,414 million yen, this was more than offset by a gain on sale of investment securities of 690 million yen and the use of multiple special corporate tax credit programs, which helped decrease the corporate tax burden. Consequently, profit attributable to owners of parent also increased year on year.

ZACROS's consolidated net sales for the fiscal year under review were ¥158,535 million, reflecting a 5.2% increase over the previous year. Operating income rose 9.3%, to ¥11,054 million; ordinary income increased 18.7%, to ¥12,303 million; and net income attributable to owners of parent grew 18.0%, to ¥7,707million.

The performance of the Company's businesses follows.

Wellness

Pharmaceutical and medical packaging materials and single-use bags for biopharmaceutical manufacturing (BioPhaS[®]) recorded sales growth, resulting in increased revenue for the segment overall. The positive impact of higher sales notwithstanding, segment operating income declined owing to increased depreciation expenses from the new building at the Company's Mie Plant and ongoing upfront investments to expand sales of single-use bags for BioPhaS[®].

Net sales for the segment were ¥27,849 million, a 2.6% year-over-year increase, whereas its operating loss was ¥201 million, compared with operating profit of ¥523 million in the same period of the previous year.

Environmental Solutions

Although sales of refill packaging and OA equipment-related packaging increased, overall sales decreased because of factors such as sluggish liquid container sales at overseas subsidiaries and the impact of the previous year's sale of part of the food packaging business. Despite deteriorating profitability at overseas subsidiaries, segment operating income increased because of increased refill packaging and OA equipment-related packaging sales.

Net sales for the segment amounted to ¥32,559 million, a 0.4% decrease from the previous year, and operating income was ¥1,459 million, an increase of 12.5%.

Electronic Materials

Display-related material sales posted only a slight increase due to sluggish production at the Company's Taiwan subsidiary. However, in electronic component-related and other products, sales of interlayer insulation films increased on the back of growth in the semiconductor market centered on AI applications, resulting in higher overall sales for the segment. Despite declining profitability at the Taiwan subsidiary, segment operating income rose because of increased sales of electronic component-related and other products.

Net sales for the segment reached ¥56,800 million, up 5.3% over the previous year, and operating income was ¥4,770 million, an increase of 13.4%.

Industrial Infrastructure

Building material sales of air-conditioning pipes, void slab floor structural materials for housing complexes, and industrial chimneys increased. Chemical product sales also increased, supported by strong demand for adhesive products for automotive film applications. The segment recorded increased sales and profits.

Segment net sales were ¥41,325 million, 11.8% higher than in the previous year, and operating income rose 22.9%, to ¥5,026 million.

	Year ended March 31, 2025		Year ended March 31, 2026		Year-on-year changes	
	Millions of yen	Percent of net sales	Millions of yen	Percent of net sales	Millions of yen	Percent of net sales
Net sales	150,735	100.0	158,535	100.0	7,800	5.2
Wellness	27,139	18.0	27,849	17.6	710	2.6
Environmental Solutions	32,683	21.7	32,559	20.5	(123)	(0.4)
Electronic Materials	53,941	35.8	56,800	35.8	2,858	5.3
Industrial Infrastructure	36,970	24.5	41,325	26.1	4,355	11.8
Operating income	10,116	6.7	11,054	7.0	937	9.3
Wellness	523	1.9	(201)	(0.7)	(725)	—
Environmental Solutions	1,297	4.0	1,459	4.5	162	12.5
Electronic Materials	4,206	7.8	4,770	8.4	563	13.4
Industrial Infrastructure	4,089	11.1	5,026	12.2	937	22.9

(b) Overview of financial position

At the end of the fiscal year, ZACROS's total assets at the end of the consolidated fiscal year under review increased by 2,864 million yen from the end of the previous fiscal year to 156,791 million yen, mainly due to an increase in property, plant and equipment and inventories, despite a decrease in short-term securities.

Total liabilities decreased by 779 million yen from the end of the previous fiscal year to 52,452 million yen, as a decrease in accounts payable and trade payables more than offset an increase in long-term and short-term borrowings.

Total net assets increased by 3,644 million yen from the end of the previous fiscal year to 104,339 million yen, mainly due to an increase in retained earnings, and the equity ratio was 60.5%.

(c) Overview of cash flows

Cash and cash equivalents—hereinafter, funds—at the end of the fiscal year decreased ¥8,185 million from the previous fiscal year-end, to ¥14,295 million.

The status and main factors for cash flows are as follows:

Cash flows from operating activities

Net cash provided by operating activities was ¥11,781 million, compared with ¥6,588 million in the previous fiscal year. The increase owed itself to such factors as income before income taxes of ¥11,438 million and depreciation of ¥6,978 million, offset by factors that included a decrease in accounts payable, an increase in inventories and income taxes paid, and a decrease in trade payables.

Cash flows from investing activities

Net cash used in investing activities was ¥20,069 million, compared with ¥17,462 million in the previous fiscal year. This increase was mainly due to outflows for the acquisition of tangible fixed assets of ¥21,284 million, despite inflows from subsidies received.

Cash flows from financing activities

Net cash provided by financing activities in the current consolidated fiscal year was ¥191 million (compared with ¥269 million provided in the same period of the previous fiscal year). This change was mainly due to cash inflows such as proceeds from long-term borrowings and a net increase in short-term borrowings, although there were cash outflows such as payments for the acquisition of treasury shares and dividend payments.

Trends in the Company's cash flow indicators are as follows:

	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2024	Year ended March 31, 2025	Year ended March 31, 2026
Equity ratio (%)	61.9	63.9	60.4	59.5	60.5
Market-based equity ratio (%)	55.9	44.6	56.9	48.9	58.4
Interest-bearing debt to cash flow ratio (years)	0.2	0.4	0.3	1.0	1.1
Interest coverage ratio (times)	617.0	178.4	137.4	48.9	52.7

Notes:

- All indicators are calculated on a consolidated basis using the following formulas:
 Equity ratio = Equity / Total assets
 Market-based equity ratio = Market capitalization / Total assets
 Interest-bearing debt to cash flow ratio = Interest-bearing debt / Operating cash flow
 Interest coverage ratio = Operating cash flow / Interest paid
- Market capitalization is calculated as the fiscal year-end closing share price multiplied by the number of shares outstanding at year-end, excluding treasury shares.
- Interest-bearing debt includes all liabilities recorded on the consolidated balance sheets for which interest is paid.
- Operating cash flow and interest paid are based on cash flows from operating activities and interest paid as recorded in the consolidated statements of cash flows.

(2) Outlook

The current medium-term management plan, which targets achieving a 12% return on equity (ROE) in the fiscal year ending March 31, 2031, will reach its final year in the fiscal year ending March 31, 2027. We have been promoting business model and portfolio transformation through active investment and advancing balance sheet reforms. To further enhance corporate value, we will continue initiatives to improve the competitiveness and capital efficiency of each business, while also promoting “solution-creating activities,” and “custom manufacturing,” which generate new solutions by combining products and services.

Many of the products we manufacture and sell use petroleum-derived raw materials and may be significantly affected by developments in the Middle East. In addition, although not directly related to the Middle East situation, some products are seeing changes in demand trends compared with the previous fiscal year. Our earnings forecast is based on the following assumptions.

- Production**
The Group places the highest priority on stable supply of products to customers and assumes that it will secure raw materials and maintain production volumes throughout the year.
- Higher raw material and energy costs**
For some of the raw materials used by the Group, we expect price increases at unprecedented levels and have estimated the impact based on the status of price negotiations at this time.
- Price pass-through**
Giving top priority to stable supply of products to customers, the Group is negotiating with customers so that they will understand and cooperate in accepting price revisions reflecting higher raw material and energy costs.
- Demand trends for major products**
Demand trends for major products are described in the performance forecasts for each segment.
- Foreign exchange rate**
We assume an exchange rate of 155 yen to 1 U.S. dollar.

Based on these assumptions, the outlook for each segment in the fiscal year ending March 31, 2027 is as follows.

In the Wellness business, which aims to “realize a healthy and sound lifestyle for society and people,” we will work to accurately capture medical needs in Japan and overseas and to secure orders for pharmaceutical and medical packaging. In bio-related fields, we have been strengthening our production structure in anticipation of continued growth in demand for single-use bags for biopharmaceutical and other manufacturing. While we have been increasing spending on research and development and related areas in recent years, we will now create clearer priorities through selection and concentration in promising fields and optimize resource allocation so that the Wellness business grows

into a core pillar of our earnings base.

In the Environmental Solutions business, which aims to “realize a circular society by balancing convenience and environmental impact reduction,” we will advance our overseas expansion in line with the expansion of global markets for consumer and industrial packaging and promote product development and manufacturing that help reduce environmental impact. For liquid containers, in response to increasing demand primarily in Asia year by year, we will consider building an optimal global supply system.

In the Electronic Materials business, our policy is to “continuously capture changes toward the realization of a smart society of the future and deliver unique solutions.” Demand for protective films in display-related applications is expected to weaken due to production adjustments from the second quarter onward, but in electronic components, demand is increasing, particularly for interlayer insulating materials for semiconductor packages used in information recording materials, against the backdrop of rapid growth in AI-related markets. To reliably meet this demand, we will strengthen our supply structure and work to further increase sales.

In the Industrial Infrastructure business, we will accurately capture rising needs for labor-saving and manpower-saving solutions at construction sites, advance development of lightweight and highly insulative products, and strengthen proposal activities through differentiated system proposals and infrastructure development that contributes to improved quality and productivity.

For the fiscal year ending March 31, 2027, the Group forecasts consolidated net sales of 176.0 billion yen (up 11.0% year on year), operating income of 11.2 billion yen (up 1.3% year on year), ordinary income of 11.5 billion yen (down 6.5% year on year), and profit attributable to owners of the parent of 6.5 billion yen (down 15.7 year on year).

This earnings forecast is based on information available at this time. The outlook for the business environment remains uncertain due to geopolitical risks, including the situation in the Middle East, and other factors. If external factors deviate significantly from our assumptions and materially affect results, we will promptly review the impact and issue an announcement.

(3) Basic policy on profit distribution and dividends for the fiscal year under review and subsequent fiscal year

ZACROS considers returning profits to its shareholders and improving ROE to be among its highest priorities. We aim to provide stable and continuous dividends, with a target payout ratio of 40%.

For the year-end dividend for the fiscal year under review, taking into consideration full-year results such as profit attributable to owners of parent, we plan to pay a dividend of 18 yen per share. As a result, total annual dividends for the fiscal year are expected to be 36 yen per share (after taking the stock split into account, consisting of an interim dividend of 18 yen and a year-end dividend of 18 yen). The Company implemented a four-for-one stock split of its common shares, with September 30, 2025, as the record date and October 1, 2025, as the effective date. If the stock split is not taken into account, the annual dividend for the fiscal year would be 144 yen per share.

With respect to dividends for the next fiscal year, we will consider future business performance, financial position, capital investment plans and other factors. At present, however, we plan to pay annual dividends of 36 yen per share (an interim dividend of 18 yen and a year-end dividend of 18 yen), the same level as for the current fiscal year.

2. Status of the Corporate Group

The ZACROS Group consists of the parent company—ZACROS Corporation (the Company)—14 consolidated subsidiaries, and one nonconsolidated subsidiary. The Group’s main businesses are the manufacture and sale of products in the following four segments: Wellness, Environmental Solutions, Electronic Materials, and Industrial Infrastructure.

The Wellness business promotes the realization of physical and mental health through products and services. It accounts for 17.6% of ZACROS’s consolidated net sales. Its major products include pharmaceutical and medical packaging materials, release films for pharmaceuticals, single-use bags for biopharmaceutical and other manufacturing (BioPhaS[®]), medical devices, and in vitro diagnostics and testing reagent-related products.

The Environmental Solutions business addresses environmental issues and provides the value necessary for a circular

society. It accounts for 20.5% of consolidated net sales. Its major products include refill, cosmetic, and other flexible packaging; OA equipment–related packaging; and plastic liquid containers, such as bag-in-box containers.

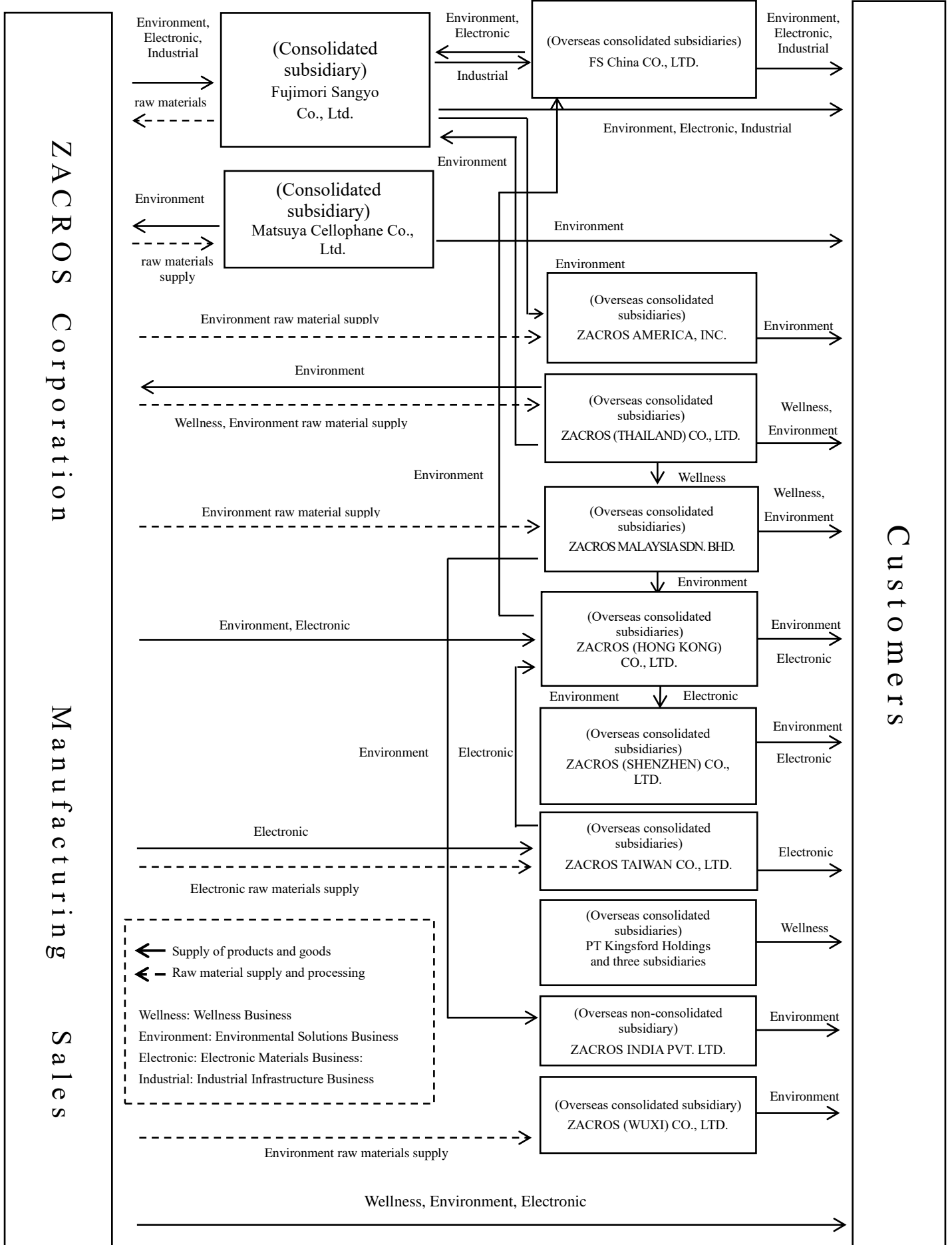
The Electronic Materials business supplies the high-performance materials necessary for an ultrasmart society. It accounts for 35.8% of consolidated net sales. Its major products include protective films, such as those for polarizing plates; release films for display-related applications; information recording materials, such as interlayer insulating films; release films for electronic components and other applications; and other information-related device materials.

The Industrial Infrastructure business contributes to strengthening the industrial infrastructure that supports daily life and promotes the provision of value through planning and proposed products. It accounts for 26.1% of consolidated net sales. Its major products include industrial chimneys for buildings, void slabs, air-conditioning piping, tunnel construction materials, plastic raw materials and products, and related machinery.

These are the activities and positioning of each of the Company’s business segments. The manufacture and sale of their products are conducted by the Company and its group companies. The business segments correspond to ZACROS’s reportable segments.

Segment	Product Field	Main Products	Company Name	
Wellness	Pharmaceutical and medical	Pharmaceutical and medical packaging, release film for pharmaceuticals	ZACROS Corporation ZACROS (THAILAND) CO., LTD. PT Kingsford Holdings PT Champion Pacific Indonesia Tbk PT Avesta Continental Pack	MFG & Sales MFG & Sales Holding shares Holding shares
	Biomedical	Single-use bags for biopharmaceuticals (BioPhaS [®])	PT Indogravure ZACROS MALAYSIA SDN.BHD.	MFG & Sales MFG & Sales Sales
		Medical devices and in vitro diagnostics and testing reagent–related products.		
Environmental Solutions	Daily and industrial packaging	Cosmetic, refill packaging, other flexible packaging	ZACROS Corporation Fujimori Sangyo Co., Ltd. Matsuya Cellophane Co., Ltd. ZACROS (THAILAND) CO., LTD. ZACROS AMERICA, Inc. ZACROS (HONG KONG) CO., LTD. ZACROS (SHENZHEN) CO., LTD. ZACROS MALAYSIA SDN.BHD.	MFG & Sales Sales MFG & Sales MFG & Sales Sales Sales MFG & Sales
		OA equipment–related packaging	FS China CO., LTD. ZACROS (WUXI) CO., LTD. ZACROS INDIA PVT. LTD.	MFG & Sales Sales Sales
	Liquid containers	Plastic liquid containers (bag-in-box, etc.)		
Electronic Materials	Displays	Protective films (for polarizing plates, etc.)	ZACROS Corporation Fujimori Sangyo Co., Ltd. ZACROS TAIWAN CO., LTD. ZACROS (HONG KONG) CO.,LTD.	MFG & Sales Sales MFG & Sales Sales
		Release films	ZACROS (SHENZHEN) CO., LTD. FS China CO., LTD.	Sales Sales
	Electronic components	Information recording materials (interlayer insulating films, etc.)		
		Release films		
		Other materials for information-related devices		
Industrial Infrastructure	Building materials	Industrial chimneys, void slabs, pipes for air conditioning	ZACROS Corporation Fujimori Sangyo Co., Ltd. FS China CO., LTD.	MFG MFG & Sales Sales
	Civil engineering materials	Tunnel construction materials		
	Chemicals	Plastic raw materials, other products and related machinery		

Overview of the ZACROS Group



3. Basic Policy on the Selection of Accounting Standards

ZACROS prepares its consolidated financial statements in accordance with Japanese accounting standards, taking into account the comparability of financial information across periods and among companies. For the time being, the Company will continue to prepare its consolidated financial statements using Japanese accounting standards. With respect to the adoption of International Financial Reporting Standards (IFRS), the Company will respond appropriately after considering developments in Japan and overseas.

4. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated balance sheets

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Assets		
Current assets		
Cash and deposits	14,986	14,844
Notes receivable—trade	757	216
Accounts receivable—trade	32,978	33,882
Electronically recorded monetary claims—trade	5,542	6,300
Contract assets	1,987	1,308
Securities	7,495	—
Merchandise and finished goods	7,928	9,538
Work in process	2,153	2,005
Raw materials and supplies	6,525	6,832
Other	6,500	5,648
Allowance for doubtful accounts	(72)	(56)
Total current assets	86,783	80,518
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	56,613	57,606
Accumulated depreciation	(29,568)	(31,175)
Buildings and structures, net	27,044	26,430
Machinery, equipment and vehicles	69,654	76,250
Accumulated depreciation	(59,306)	(62,977)
Machinery, equipment and vehicles, net	10,347	13,272
Tools, furniture and fixtures	8,753	9,328
Accumulated depreciation	(7,618)	(8,069)
Tools, furniture and fixtures, net	1,135	1,259
Land	9,138	9,594
Construction in progress	12,355	17,564
Other	2,614	3,307
Accumulated depreciation	(1,176)	(1,387)
Other, net	1,437	1,919
Total property, plant and equipment	61,459	70,041
Intangible assets		
Goodwill	102	32
Other	767	791
Total intangible assets	870	824
Investments and other assets		
Investment securities	2,667	2,871
Deferred tax assets	1,282	1,589
Other	875	957
Allowance for doubtful accounts	(11)	(11)
Total investments and other assets	4,814	5,406
Total noncurrent assets	67,143	76,273
Total assets	153,926	156,791

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Liabilities		
Current liabilities		
Notes and accounts payable—trade	20,481	19,273
Electronically recorded obligations—operating	2,213	1,670
Short-term loans payable	595	3,266
Accounts payable—other	13,333	5,498
Income taxes payable	994	2,089
Contract liabilities	373	896
Provision for bonuses	1,801	1,791
Provision for directors' bonuses	138	150
Other	2,634	3,452
Total current liabilities	42,566	38,087
Noncurrent liabilities		
Long-term loans payable	4,074	7,214
Deferred tax liabilities	79	122
Net defined benefit liability	4,204	4,219
Provision for directors' retirement benefits	611	632
Lease liabilities	1,335	1,846
Other	360	327
Total noncurrent liabilities	10,665	14,364
Total liabilities	53,231	52,452
Net assets		
Shareholders' equity		
Capital stock	6,600	6,600
Capital surplus	6,559	6,590
Retained earnings	74,738	79,900
Treasury shares	(2,576)	(5,090)
Total shareholders' equity	85,322	88,000
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	981	1,182
Foreign currency translation adjustment	4,954	5,292
Remeasurements of defined benefit plans	392	370
Total accumulated other comprehensive income	6,328	6,845
Subscription rights to shares	351	351
Noncontrolling interests	8,692	9,142
Total net assets	100,695	104,339
Total liabilities and net assets	153,926	156,791

(2) Consolidated statements of income and consolidated statements of comprehensive income**Consolidated statements of income**

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net sales	150,735	158,535
Cost of sales	115,999	121,728
Gross profit	34,735	36,807
Selling, general and administrative expenses	24,618	25,753
Operating income	10,116	11,054
Nonoperating income		
Interest income	299	227
Dividend income	65	70
Insurance and dividend income	97	428
Foreign exchange gains	163	382
Subsidy income	3	153
Income from recycling	116	112
Other	195	214
Total nonoperating income	941	1,588
Nonoperating expenses		
Interest expenses	135	232
Loss on investments in investment partnerships	22	16
Costs for responding to system failures	237	—
Losses associated with production stoppages	254	—
Idle asset maintenance costs	—	48
Other	42	41
Total nonoperating expenses	692	339
Ordinary income	10,366	12,303
Extraordinary income		
Gain on sales of noncurrent assets	12	2
Gain on sales of investment securities	9	690
Total extraordinary income	22	692
Extraordinary losses		
Loss on sale of noncurrent assets	—	0
Loss on retirement of noncurrent assets	45	97
Loss on business transfers	57	—
Impairment loss	254	1,414
Loss on sale of investment securities	1	—
Loss on valuation of investment securities	404	44
Other	8	—
Total extraordinary losses	773	1,556
Income before income taxes	9,614	11,438
Income taxes—current	2,332	3,085
Income taxes—deferred	(165)	(380)
Total income taxes	2,167	2,705
Net income	7,447	8,733
Net income attributable to noncontrolling interests	916	1,026
Net income attributable to owners of parent	6,530	7,707

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net income	7,447	8,733
Other comprehensive income		
Valuation difference on available-for-sale securities	152	219
Foreign currency translation adjustment	1,625	205
Remeasurements of defined benefit plans, net of tax	335	(6)
Total other comprehensive income	2,113	417
Comprehensive income	9,560	9,151
Comprehensive income attributable to		
Owners of parent	8,412	8,224
Noncontrolling interests	1,148	926

(3) Consolidated statements of changes in shareholders' equity

Previous consolidated fiscal year (from April 1, 2024, to March 31, 2025)

(Millions of yen)

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at beginning of current period	6,600	6,515	70,265	(2,220)	81,161
Changes of items during period					
Dividend surplus			(1,952)		(1,952)
Net income attributable to owners of parent			6,530		6,530
Purchase of treasury shares				(409)	(409)
Restricted share awards		19		54	73
Changes in equity of parent due to transactions with noncontrolling interests		24			24
Change in scope of consolidation			(105)		(105)
Net changes of items other than shareholders' equity					
Total changes during the period	—	44	4,472	(355)	4,161
Balance at end of period	6,600	6,559	74,738	(2,576)	85,322

	Accumulated Other Comprehensive Income				Stock Acquisition Rights	Non-controlling Interests	Total Net Assets
	Valuation Difference on Available-for-Sale Securities	Foreign Currency Translation Adjustment	Remeasurements of Defined Benefit Plans	Total Other Comprehensive Income			
Balance at beginning of current period	827	3,557	62	4,446	351	7,682	93,642
Changes of items during period							
Dividend surplus							(1,952)
Net income attributable to owners of parent							6,530
Purchase of treasury shares							(409)
Restricted share awards							73
Changes in equity of parent due to transactions with noncontrolling interests							24
Change in scope of consolidation							(105)
Net changes of items other than shareholders' equity	154	1,397	330	1,881	—	1,010	2,891
Total changes during the period	154	1,397	330	1,881	—	1,010	7,052
Balance at end of period	981	4,954	392	6,328	351	8,692	100,695

Consolidated fiscal year under review (from April 1, 2025, to March 31, 2026)

(Millions of yen)

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at beginning of current period	6,600	6,559	74,738	(2,576)	85,322
Changes of items during period					
Dividend surplus			(2,545)		(2,545)
Net income attributable to owners of parent			7,707		7,707
Purchase of treasury shares				(2,584)	(2,584)
Restricted share awards		10		69	80
Changes in equity of parent due to transactions with noncontrolling interests		20			20
Change in scope of consolidation					
Net changes of items other than shareholders' equity					
Total changes during the period	—	30	5,162	(2,514)	2,678
Balance at end of period	6,600	6,590	79,900	(5,090)	88,000

	Accumulated Other Comprehensive Income				Stock Acquisition Rights	Non-controlling Interests	Total Net Assets
	Valuation Difference on Available-for-Sale Securities	Foreign Currency Translation Adjustment	Remeasurements of Defined Benefit Plans	Total Other Comprehensive Income			
Balance at beginning of current period	981	4,954	392	6,328	351	8,692	100,695
Changes of items during period							
Dividend surplus							(2,545)
Net income attributable to owners of parent							7,707
Purchase of treasury shares							(2,584)
Restricted share awards							80
Changes in equity of parent due to transactions with noncontrolling interests							20
Change in scope of consolidation							
Net changes of items other than shareholders' equity	201	337	(21)	517	—	449	966
Total changes during the period	201	337	(21)	517	—	449	3,644
Balance at end of period	1,182	5,292	370	6,845	351	9,142	104,339

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from operating activities		
Income before income taxes	9,614	11,438
Depreciation	5,987	6,978
Impairment loss	254	1,414
Amortization of goodwill	67	64
Increase (decrease) in provision for directors' retirement benefits	19	21
Increase (decrease) in provision for bonuses	135	(13)
Increase (decrease) in provision for directors' bonuses	19	11
Increase (decrease) in allowance for doubtful accounts	(43)	(12)
Increase (decrease) in net defined benefit liability	(66)	18
Interest and dividend income	(365)	(297)
Interest expenses	135	232
Loss (gain) on sales and retirement of noncurrent assets	33	95
Loss (gain) on business transfers	57	—
Loss (gain) on sales of investment securities	(7)	(690)
Valuation losses (gains) on investment securities	404	44
Loss (gain) on investments in investment partnerships	22	16
Subsidy income	—	(150)
Share-based compensation expenses	61	60
Decrease (increase) in notes and accounts receivable—trade	(852)	178
Decrease (increase) in inventories	(1,557)	(1,678)
Increase (decrease) in notes and accounts payable—trade	(3,355)	(1,180)
Increase (decrease) in accounts payable—other	309	(2,172)
Other	(1,292)	(944)
Subtotal	9,581	13,436
Interest and dividend income received	365	297
Interest expenses paid	(134)	(223)
Income taxes paid	(3,223)	(1,729)
Net cash provided by (used in) operating activities	6,588	11,781
Cash flows from investing activities		
Payments for placement of time deposits	—	(529)
Purchases of property, plant and equipment	(17,731)	(21,341)
Proceeds from sales of property, plant and equipment	216	63
Purchases of intangible assets	(374)	(430)
Proceeds from sale of intangible fixed assets	—	11
Purchases of investment securities	(360)	(126)
Proceeds from sales of investment securities	14	973
Payments for acquisition of shares of affiliates	—	(101)
Proceeds from subsidies received	—	1,472
Proceeds from business transfers	813	—
Other	(40)	(60)
Net cash provided by (used in) investing activities	(17,462)	(20,069)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(455)	2,554
Gains on long-term borrowing	4,220	3,498
Repayment of long-term loans payable	(942)	(252)
Purchases of treasury shares	(409)	(2,584)
Cash dividends paid	(1,952)	(2,545)
Dividends paid to noncontrolling interests	(66)	(66)

Repayments to noncontrolling shareholders	(104)	(336)
Other	(20)	(75)
Cash flows from financing activities	269	191
Effect of exchange rate change on cash and cash equivalents	973	(89)
Net increase (decrease) in cash and cash equivalents	(9,630)	(8,185)
Cash and cash equivalents at beginning of period	32,112	22,481
Cash and cash equivalents at end of period	22,481	14,295

(5) Notes to the consolidated financial statements
(Notes on assumptions of on-going concern)

Not applicable.

(Notes on changes in presentation methods)

Consolidated Balance Sheet

In the previous consolidated fiscal year, “Electronically recorded monetary claims—trade” were included in “Notes receivable—trade” under “Current assets” and “Electronically recorded obligations—operating” were included in “Notes and accounts payable—trade” under “Current liabilities.” As of the fiscal year under review, they are presented separately to enhance clarity. Accordingly, the consolidated financial statements for the previous consolidated fiscal year have been reclassified to reflect these changes in presentation method.

The amounts presented as “Notes receivable—trade” of ¥6,299 million, under “Current assets” in the consolidated balance sheet for the previous consolidated fiscal year have been reclassified as “Notes receivable—trade” of ¥757 million and “Electronically recorded monetary claims—trade” of ¥5,542 million. Additionally, the amount presented as “Notes and accounts payable—trade” of ¥22,695 million under “Current liabilities” has been reclassified as “Notes and accounts payable—trade” of ¥20,481 million and “Electronically recorded obligations—operating” of ¥2,213 million.

In the previous consolidated fiscal year, “Lease liabilities” was included in “Other” under “Noncurrent liabilities”. As the amount has become more material, this item is presented separately from the current consolidated fiscal year. Accordingly, the consolidated financial statements for the previous consolidated fiscal year have been reclassified to reflect these changes in presentation method.

As a result, in the consolidated balance sheet for the previous consolidated fiscal year, the ¥1,695 million that had been presented as “Other” under “Noncurrent liabilities” has been reclassified into “Other” of ¥360 million and “Lease liabilities” of ¥1,335 million.

Consolidated statements of cash flows

In the previous consolidated fiscal year, “Increase (decrease) in other payables—other” was included in “Other” within cash flows from operating activities. As the amount has become more material, this item is presented separately from the current consolidated fiscal year. Accordingly, the consolidated financial statements for the previous consolidated fiscal year have been reclassified to reflect this change in presentation.

As a result, in the consolidated statement of cash flows for the previous consolidated fiscal year, the negative ¥982 million that had been presented as “Other” within cash flows from operating activities has been reclassified into “Increase (decrease) in other payables—other” of ¥309 million and “Other” of negative ¥1,292 million.”

(Changes in significant subsidiaries during the fiscal year)

ZACROS (WUXI) CO., LTD., established in June 2025, has been included in the scope of consolidation from the consolidated fiscal year, as its importance is expected to increase as a strategic base in the Asian and Chinese markets going forward.

(Segment Information)

1. Overview of Reportable Segments

The Company's reportable segments are units for which separate financial information is available and which are periodically reviewed by the Board of Directors to determine the allocation of management resources and to assess performance.

The Company has established an organizational structure based on business divisions, and each business division formulates comprehensive strategies for domestic and overseas operations by market and product and conducts business activities.

Accordingly, the Company consists of product-based segments organized by business division and has four reportable segments: Wellness, Environmental Solutions, Electronic Materials, and Industrial Infrastructure.

The main products for each reportable segment are as follows:

Segment	Produce Field	Main Products
Wellness	Pharmaceuticals and medical	Pharmaceutical and medical packaging, release films for pharmaceuticals
	Biomedical	Single-use bags for biopharmaceuticals, other products (BioPhaS [®]) Medical devices, in vitro diagnostics, and testing reagent-related products.
Environmental Solutions	Daily and industrial packaging	Cosmetics packaging, refill packaging, other flexible packaging OA equipment-related packaging
	Liquid containers	Plastic liquid containers (Bag-in-Box, etc.)
Electronic Materials	Displays	Protective films (for polarizing plates, etc.), release films
	Electronic components	Information recording materials (interlayer insulating films, etc.), release films, other materials for information-related devices
Industrial Infrastructure	Building materials	Industrial chimneys, void slabs, pipes for air conditioning
	Civil engineering materials	Tunnel construction materials
	Chemicals	Plastic raw materials, other products, and related machinery

2. Method of Calculating Net Sales, Profit or Loss, Assets, Liabilities, and Other Items by Reporting Segment

The method for calculating the amounts of net sales, profit or loss, assets, liabilities, and other items for each reporting segment is, in principle, the same as the method used for preparing consolidated financial statements.

The accounting methods for the reported business segments are, in principle, the same as those described in "Significant matters that are the basis for preparing consolidated financial statements."

The profit of reportable segments is based on operating profit.

Information on liabilities by reportable segment is not regularly provided to the chief operating decision-maker and is therefore not included in the scope of disclosure.

Internal sales and transfers between segments are based on prevailing market prices.

3. Information on Net Sales, Profit or Loss, Assets, Liabilities, and Other Items by Reporting Segment

Previous consolidated fiscal year (from April 1, 2024, to March 31, 2025)

(Millions of yen)

	Reportable segments					Adjusted sales amount (Notes 1, 2)	Amount recorded in consolidated statements of income (Note 3)
	Wellness	Environmental Solutions	Electronic Materials	Industrial Infrastructure	Total		
Net sales							
Sales to unaffiliated customers	27,139	32,683	53,941	36,970	150,735	—	150,735
Intersegment sales or transfers	345	1,393	981	1,796	4,516	(4,516)	—
Total	27,484	34,076	54,923	38,767	155,251	(4,516)	150,735
Segment profit	523	1,297	4,206	4,089	10,116	—	10,116
Segment assets	32,786	31,334	43,133	21,522	128,777	25,149	153,926
Other items							
Depreciation and amortization	1,352	1,879	2,246	508	5,987	—	5,987
Amortization of goodwill	67	—	—	—	67	—	67
Impairment loss	18	236	—	—	254	—	254
Increase in property, plant and equipment and intangible assets	7,506	6,064	8,547	1,570	23,689	—	23,689

Notes:

1. Intersegment sales are eliminated in the segment information.
2. Assets not allocated to reporting segments are company-wide assets, which mainly consist of surplus operating funds (cash and deposits) of the Company and its consolidated subsidiaries; short-term investment funds (securities); long-term investment funds (investment securities); and assets related to administrative departments.
3. The total segment profit is consistent with operating profit in the consolidated statements.

Consolidated fiscal year under review (from April 1, 2025, to March 31, 2026)

(Millions of yen)

	Reportable segments					Adjusted sales amount (Notes 1, 2)	Amount recorded in consolidated statements of income (Note 3)
	Wellness	Environmental Solutions	Electronic Materials	Industrial Infrastructure	Total		
Net sales							
Sales to unaffiliated customers	27,849	32,559	56,800	41,325	158,535	—	158,535
Intersegment sales or transfers	345	1,459	1,510	1,622	4,937	(4,937)	—
Total	28,194	34,019	58,310	42,947	163,473	(4,937)	158,535
Segment profit or loss	(201)	1,459	4,770	5,026	11,054	—	11,054
Segment assets	30,837	34,397	50,783	23,157	139,177	17,614	156,791
Other items							
Depreciation and amortization	1,974	2,107	2,322	573	6,978	—	6,978
Amortization of goodwill	64	—	—	—	64	—	64
Impairment loss	1,029	18	367	—	1,414	—	1,414
Increase in property, plant and equipment and intangible assets	1,681	5,097	8,435	2,346	17,560	—	17,560

Notes:

1. Intersegment sales are eliminated in the segment information.
2. Assets not allocated to reporting segments are company-wide assets, which mainly consist of surplus operating funds (cash and deposits) of the Company and its consolidated subsidiaries; long-term investment funds (investment securities); and assets related to administrative departments.
3. The total segment profit or loss is consistent with operating profit in the consolidated statements.

(Per Share Information)

Previous Consolidated Fiscal Year (from April 1, 2024, to March 31, 2025)		Consolidated Fiscal Year Under Review (from April 1, 2025, to March 31, 2026)	
Net assets per share	¥1,237.83	Net assets per share	¥1,324.14
Basic earnings per share	¥87.81	Basic earnings per share	¥106.14
Diluted earnings per share	¥87.00	Diluted earnings per share	¥105.13

Note:

The basis for calculating net income per share, diluted net income per share, and the number of shares used in these calculations is as follows:

	Previous Consolidated Fiscal Year (from April 1, 2024, to March 31, 2025)	Consolidated Fiscal Year Under Review (from April 1, 2025, to March 31, 2026)
Earnings per share		
Net income attributable to owners of parent (millions of yen)	6,530	7,707
Amount not attributable to common shareholders (millions of yen)	—	—
Net income attributable to common shareholders (millions of yen)	6,530	7,707
Average number of shares outstanding during the period (thousand shares)	74,370	72,613
Diluted net income per share		
Adjustment to net income attributable to owners of the parent (millions of yen)	—	—
Increase in number of shares (thousand shares)	695	695
Increase in number of common shares (thousands of shares)	(695)	(695)
(Stock acquisition rights)	—	—
Overview of potential shares not included in the calculation of diluted net income per share due to lack of dilutive effect.		

Note: The Company conducted a 4-for-1 stock split of its common shares, with September 30, 2025, as the record date and October 1, 2025, as the effective date. The net assets per share and profit attributable to owners of parent per share shown above have been calculated assuming that the stock split had taken place at the beginning of the previous fiscal year.

(Notes on Significant Subsequent Events)

Not applicable